

## OPERATING EXPENSE AND EQUIPMENT (OE&E)

3560

(1987)

The Budget office annually develops an initial OE&E allocation package for headquarters and for each region every year and distributes them to each regional or headquarters administrative office before or shortly after the start of the new fiscal year. The following tasks are performed to develop the initial allocation:

### **Budget Office**

Starts with prior year initial allocation totals by fund for each headquarters/region, making the following adjustments to derive the current year allocation totals:

- Adjusts for TBAs which permanently change allocation totals.
- Adjusts for those allocations which are zero-based each year. This usually entails subtracting prior year allocations and adding the new allocations.
- Makes baseline adjustments (i.e., BCPs [one-time or new], camps rollover to general fund, price increases, etc.)
- Makes change book adjustments. (Legislative actions and/or Governor's vetoes.)
- Adjusts for any internal realignment of headquarters/region which impacts allocations.
- Sends allocation packages to regional or headquarters administrative office, listed by fund source.

### **Regional or Headquarters Administrative Office**

Reviews its allocation package.

Lists these allocations by units, camps, etc., on CALSTARS allocation load sheets.

Makes sure all load sheet totals for each specific fund equal the total given in the original allocation package.

Sends completed load sheets back to the Budget office within two weeks.

**Budget Office**

Reviews load sheets to ensure they balance to the budget authority by fund and have been completed accurately.

Sends the reviewed allocation load sheets to Accounting.

**OUT-OF-STATE TRAVEL**

**3560.1**

Each year CDF requests blanket approval for out-of-state travel. The blanket provides for all out-of-state travel for the fiscal year which has been approved by the agency secretary, the Department of Finance and the Governor's office. Units must submit the blanket request on STD 257C to their region or headquarters administrative office, which in turn must submit the requests they support to the Budget office by the second week of May.

**SUBSTITUTION OF TRIPS**

**3560.2**

Programs have the flexibility to substitute unplanned (unforeseen) trips for blanket approved trips. To secure approval for substitutions the program will:

- Complete a STD 257.
- Submit the STD 257 to the Budget office at least two weeks prior to the trip date.
- Include the blanket trip number.
- Include a justification and agenda for the proposed change:
  - The proposed trip must be a priority as high or higher than the approved trip.

- The proposed trip must be of a benefit to the state as great or greater than the approved trip.

For requests for out-of-state trips not included in or being substituted for blanket approval, the program must obtain individual approval from the Budget office (which must obtain approval from the Department of Finance). As Finance rarely approves these requests, a strong justification is essential. To request approval for a trip not contained within blanket approval, the following steps will be taken:

- Complete a STD 257
- Submit STD 257 to the Budget office at least six weeks prior to trip date (must be approved by the Director, the Resources Agency, the Director of Finance, and the Governor's office before the trip).
- Include a justification and agenda for the proposed change:
  - Identify from where the funding (object code) can be directed. (These trips require a budget revision.)

NOTES: All trips to Hawaii, Alaska, and foreign countries must be requested on individual STD 257s and be accompanied by a justification. In addition, salary-only trips (trips for which the state does not pay travel costs, per diem, etc., but during which the employee receives normal salary) must be approved by the Budget office (preferably within the fiscal year blanket) as the employee represents the state and are covered by the state's insurance while on state time.

## **EQUIPMENT**

**3560.3**

The Budget office allocates major equipment funds for distribution at the beginning of each fiscal year. Funding is based on the past year's allocation, less any expired funds, plus any changes based on BCPs, planning estimates, etc. Headquarters and each region receives a memo of their respective allocations. The memo also provides instructions for completion of Schedule 9 (Supplementary Schedule of Equipment), a detailed listing of actual equipment expenditures for the prior year, and a listing of requested expenditures for the current and proposed fiscal years. Use the following instructions for completion:

**Column 8 (Past Year)** Fill in actual expenditure totals for region/program (both "Replacement," one item purchased to replace another, and "Additional," an item you never had before).

Do not itemize each purchase.

Make sure the totals agree with the final June 30th CALSTARS Q12 report.

**Columns 8, 9, 10 (Current Year)** Fill in the proposed expenditures for current year by item, item number, quantity, and amount.

Round totals off to tie to the exact amount of the allocation and label them as "Replacement" or "Additional."

**Columns 12, 13, 14 (Budget Year)** Fill in proposed expenditures for budget year by item, item number, quantity, and dollar amount.

Round totals off to tie to the exact amount of the allocation and list them as "Replacement" or "Additional."

Charge "Replacement" equipment to object codes 453 - 468.99.

Charge "Additional" equipment to object codes 473 - 488.99.

Use caution in coding major equipment purchases. (Using these codes on purchases not meeting the criteria will reduce funding for actual equipment.)

**Major Equipment** Major equipment is nonexpendable property which has:

- A normal life of four years or more (including extension by repairs).
- An identity which does not change with use (i.e., is not consumed by use or converted by fabrication into another form of property).
- A unit cost of \$500.00 or more (for property other than land and structures).

## **CONTRACTS**

**3560.4**

Contracts are divided into two general types: interagency agreements (CALSTARS object code 396) made with other state agencies and "external" (object code 402) agreements with non-state entities. The contracts office develops the actual contract (see Contract Procedures Handbook) (see section) and sends it to the budget office for review. The budget office performs the following tasks:

- Checks for fiscal year, index, PCA, and object codes and determines the availability of funds.
- On reimbursable contracts, checks the Schedule of Reimbursements to make sure the proposed contract is included in the reimbursement spending authority.
- Forwards contract to the departmental accounting office for encumbrance in the CALSTARS system.

## **TRANSFER OF BUDGET ALLOTMENT (TBA)**

**3560.5**

Once the budget plan has been loaded into CALSTARS, a TBA form is used to transfer monies between line items of expenditures. Each "line item" of expenditure is identified by a CALSTARS object code. The budget office:

- Verifies that the PCA(s) decreased and increased are from the same fund.
- Verifies that funds are available in the designated index, PCA, and object code to be reduced.

- Verifies that the object codes used on the TBA are the allotment object codes and not the expenditure object codes. Within each line item, expenditures are recorded at a lower level of detail than the allotment.
- Makes sure that the TBA identifies whether the adjustment is for the current year only, or is to be a permanent adjustment.
- Makes sure that the TBA totals properly. The total reductions must balance with the total enhancements and must be within the same fund.
- Routes the approved TBA to the departmental accounting office to be posted to CALSTARS.

The following are some important restrictions on the use of TBAs:

- TBAs cannot be used to increase departmentwide funds for out-of-state travel (object code 311).
- TBAs cannot be used to increase major equipment (object codes 452 and 475).
- A Budget Revision (BR) and Department of Finance approval is required to increase the departmentwide level of spending for out-of-state travel or major equipment. However, transfers of out-of-state travel or major equipment authority may be made between region and/or programs via a TBA.

TBAs cannot be used to transfer funds between personnel services and operating expenses and equipment categories. A BR and Department of Finance approval is required to transfer money between these two categories.

## **ADJUSTING CURRENT YEAR APPROPRIATIONS--BUDGET REVISIONS**

**3560.6**

A BR is required to adjust current year appropriations and must be done when:

- Transferring scheduled funds from one category to another within the same appropriation, such as from personal services to operating expenses and equipment.
- Augmenting or reducing a restricted expenditure item, such as out-of-state travel or equipment.

- Augmenting an amount available for expenditure for any category, whether or not pursuant to Section 28 of the Budget Act.

In transferring funds between categories within the same scheduled appropriation, certain requirements must be met per Section 6.50 of the Budget Act. These transfers must not exceed

- 20 percent of the amount scheduled on that line for support appropriations of \$2,000,000 or less.
- \$400,000 for support appropriations which are more than \$2,000,000 but equal to or less than \$4,000,000.
- 10 percent of the amount scheduled on that line for support appropriations which are more than \$4,000,000.

Any transfer in excess of \$100,000 requires a 30-day written notification explaining the necessity of the transfer to both legislative appropriations committees and the chairperson of the Joint Legislative Budget Committee. The chairperson has the authority to reduce or waive the 30-day period in each instance. Upon review of the BR by the chief of support services, the document is released to the Department of Finance, where it will be approved as submitted, approved with changes, or denied. Because the latter two are possible, address program changes as early as possible to ensure funding. Do not use the BR process as a substitute for long-range planning.

If you want a budget revision, call your budget office analyst. He or she will set it up and submit it to the Department of Finance.

**FORMS AND/OR FORMS SAMPLES: RETURN TO ISSUANCE HOME PAGE FOR FORMS/FORMS SAMPLES SITE LINK.**

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